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	Water Resources Policies and Authorities  USE OF EXCESS POWER REVENUES TO ASSIST IN REPAYMENT OF IRRIGATION COSTS	
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HEADQUARTERS  
DEPARTMENT OF THE ARMY  
OFFICE OF THE CHIEF OF ENGINEERS  
WASHINGTON, D. C. 20315

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WATER RESOURCE POLICIES AND AUTHORITIES

Use of Excess Power Revenues to Assist in  
Repayment of Irrigation Costs

1. Purpose and Scope. These regulations summarize for the guidance of all Division and District Engineers engaged in civil works activities, the position of the Chief of Engineers with respect to the use of excess power revenues to assist in repayment of irrigation costs associated with Federal irrigation projects.

2. Position of Chief of Engineers. The Chief of Engineers believes that there are many economically justified and desirable irrigation projects for which all of the costs properly chargeable to irrigation cannot be repaid by the water users. The Chief of Engineers is not opposed to the use of excess power revenues over and above the total power costs to assist in the repayment of irrigation costs. Any specific proposal, however, should be consistent with the following principles:

a. The costs expected to be incurred for each project and each separable part thereof should be justified by the benefits expected from the specific project or separable part. Secondary benefits deriving from the irrigation project, when used, must be thoroughly justified and closely associated with the development of the immediate area of the irrigation project.

b. Power revenues should be applied first to the repayment of all costs properly chargeable to power including operation, maintenance and replacement costs; amortization of the power investment (construction expenditures and interest during construction) within a period of 50 years, and interest on the unamortized balance of the investment.

c. The excess revenues should be applied in the area where such excess revenues are derived.

d. The use of excess revenues to repay irrigation costs should be fully considered in the project formulation stage together with the effect upon power rates and the planning

ER 1165-2-114  
25 June 1964

of such projects should be participated in by all Federal agencies involved, the States, local governments, and private citizens included within the area under consideration. There should be a clear acceptance by the majority of the consumers of the power who are to contribute to the cost of the irrigation project that they are willing to do so because of the indirect benefits they will receive from the irrigation project.

e. The power rates should not be increased to obtain excess revenues to the extent that the concomitant benefits of low cost power for widespread use would be lost.

f. Financial assistance to repay irrigation costs should be limited to the extent that such costs are beyond the ability of the water users to pay.

FOR THE CHIEF OF ENGINEERS:



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